Creative / biz
5 Advisors - $305 for Catalog
Salary - 50-60 + power book
moving expenses.

June 25, 1993
Faxed to John Skov 415-221-0820

# Renewal

# Of The

# Whole Earth Review /

# Whole Earth Catalog

# Organization:

# A Proposal

**Submitted by:**

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**Introduction**

I have taken the last five working days to prepare this proposal. I've intentionally limited each discussion area to one very dense page of text. I think this discipline forces a focus on the critical issues.

As a plan, this proposal can be implemented within the existing resources of the organization while producing a net positive cash flow through 1-1-95. However, I do not see it as an inflexible road map. Rather, it is intended to be suggestive and provocative. The real working plan for renewal of the Whole Earth organization must be organic. By that I mean that a buy in (almost consensus) from all of the staff is critical to the long term success of the organization.

As a part of the process of developing this plan, I convened a 10 hour session with five consultants. We brainstormed catalog production and development. The results are briefly described on page 5. I think that this session provides a realistic benchmark from which budget development can proceed.

I've also included a copy of my resume and the original subscriber base development plan I submitted to Keith Jordan.

The following nine pages offer a plan to restore the health and vitality of the organization. While I've pointed to future opportunities, I believe that they are best developed internally. I have therefore not presented a detailed market development plan for the time frame following organizational renewal.

Please limit the distribution of this proposal to Chris Desser, Peggy Lauer and John Skov until further discussions have been held.

**Recommendation**

It's clear to me that an additional round of intense discussion is required before any action is taken. I' recommend a face to face meeting, scheduled as soon as possible, with the first day or days limited to non-staff board members. If some tentative agreement is reached, these conversations could be easily enlarged to incorporate all or some of the staff.

**Contents Of This Proposal**


- Cover — Page i
- Introduction — Page ii
- First 90 Days: Triage and Healing — Page 1
- Second 90 Days: Stabilization and Modest Growth Experiments — Page 2
- Third 90 Days: Beginning of Optimization and Measurable Steps Towards Growth — Page 3
- Longer Range Ambitions — Page 4
  - Staff Compensation
  - Point Washington Policy Group
  - Simple Way To Generate More Revenue From The Catalog
  - Multiple Access Distribution
  - "Total Quality"
- Random Notes on My "Management Style": — Page 5
  - Note About Catalog Budget (Radical Alternative Approach)
- Organization Design Options and Notes — Page 6
- My Requirements — Page 7
- Initial Plan for Market Development of The Whole Earth Review — Page 8
  - As originally submitted and still achievable
- Resume — Page 9

## First 90 Days: Triage and Healing

- Immediate Hiring Freeze Pending Development of Responsible Financial Plan.
- Immediate Restoration of Salaries to Pre Pay Cut Levels.
- Convene a session to clearly define staff / board boundaries and functions.
  - Place the onus of decision making on the staff.
  - Insist that the board is the court of last resort.
  - Define decision making guidelines .
  - Define level of detail to keep board covered.
  - Emphasize that board is a growth resource, not a referee.
- Announcement of Following Organizational Priorities
  - #1 Survival of the Organization w/ Job Security of Existing Team.
  - #2 Repair and Healing Of Divisions Within Organization.
  - #3 Financial Growth and Development of Organization Over Long Term.
  - #4 Expansion of Benefits as Finances Allow.
  - #5 Heightened Emphasis on Customer Satisfaction.
  - #6 Planned Development and Expansion of Customer and Supplier Networks.
- Begin Customer Satisfaction Improvement Process.
  - Proactive (scripted) phone calls to subscriber base (30 - 50 per week).
  - Results presented by subscription staff at editorial meetings.
  - Results and commentary published in each issue and catalog.
  - Define and implement standard visitor's tour and souvenirs.
- Remove the Symbols of Separation by:
  - Physically reorganizing space so that "team-ness' is emphasized.
    - Have editorial and business functions share space.
  - Cross Training Editorial and Business Functions (This means everybody).
    - Each member of the editorial staff answers subscriber calls 2-3 hours per week.
    - Each member of editorial staff required to survey by phone 5 customers per week.
    - Each member of business staff performs 2-3 hours of paste-up, verification or filing per week.
    - Each Magazine issue contains 5 pages of content developed by business staff.
    - Same ratios apply in catalog development.
  - Continually reemphasizing organizational commitment to survival, growth and expanded pay and benefits.
- Develop responsible financial plan with the following priorities:.
  - #1 Don't spend money you don't have.
  - #2 Survival of the organization requires solving the negative cash flow problem w/ existing resources.
  - #3 Long term survival means starting a savings program immediately.
    - Plan must end with meaningful cash reserve and consistently positive cash flow.
  - #4 Overhead to be shared by all projects on a pro-rata basis.
  - #5 Budgets and estimates to be rooted in historical data.
  - #6 Equipment purchases must be based in dollar for dollar productivity improvements.
    - Design the system before buying.
  - #7 Product quality must be a function of what is affordable, not what is desirable.
    - This doesn't mean skip quality, it means make it the best it can be within budget.
  - #8 Any "pay increases" tied to quantifiable performance targets in budget and schedule.
  - #9 Definition of process for deciding how to use "excess" money.
- Start the development of a cooperative long range planning function.
  - Emphasize that the dichotomy between creative and business functions is completely artificial.
    - You can't have one without the other in an operation of this size.
  - Representation from each function (Editorial, subscription, business and production) is crucial.
  - Have regular reviews of progress at editorial meetings.
  - Goal: First draft of plan within 90 days (may slide into second 90 days).
- Hold a founder's funeral.
  - Some event to mark the passing of many friends. As with all funerals, the event is for the survivors.
  - Opportunity to vent and heal. Emphasize rebirth.
  - Have someone deliver a eulogy w/ emphasis on survivor's guilt.
  - Either physically remove Stewart's office (the boat) or renovate for current functions.
  - Black crepe, black balloons, Dixieland funeral dirges etc.
  - Establish some sort of veterans memorial (could be really funny and healing).
- Complete shift in printers and in distributors.
- Develop replacement for volleyball court and make it a weekly, mandatory session.
- Begin small but visible growth efforts with routine reporting to entire staff.
- Restart hiring based on shared vision. All decisions require joint business / editorial approval.
- Develop Intern program in a big way....Make it (and new blood) central to WER / WEC.

## Second 90 Days: Stabilization and Modest Growth Experiments

- Reevaluate situation: If crisis, panic and bad blood remain, return to Triage and Healing Mode
  - No real progress possible until organizational cohesion is achieved
  - Continue the things that are working from the first 90 days
  - Discard the things that are not.
- Test several growth approaches
  - Targeted Lists (WER and WEC as Tools)
    - St. Johns (Annapolis and Santa Fe) Alumni ?
    - Mensa
    - Federal Register -?
    - PR and Advertising Associations
    - Design and Development Associations
  - PR / Press release campaign
    - With phone call follow-ups.
  - Media Presence Expansion.
    - Whole Earth coverage of several events.
    - Licensing of Whole Earth Press Credentials.
  - Ads (cheap, hopefully) in WIRED claiming paternity and offering creative insight.
  - Pilgrimage to UTNE asking for advice.
- Begin product repositioning for WER.
  - It's not a magazine it's:
    - A Book, an update, a community or something.
  - Develop alternative slogan to "Access to tools and ideas".
  - Develop new graphic image.
  - Aggressively use the WELL as a development tool.
- Begin very conscious Rheingold replacement plan.
  - Goal: Identify successor six months before Howard's departure.
- Develop detailed tactical growth plan (Subset of long term plan which is goal oriented).
  - Rooted in real fiscal situation
  - Looking at 5 and 10 year horizons
  - Featuring
    - Community (Network Development)
    - Multiple Access/Distribution Schemes
    - Distribution of listed products
- Conduct Monthly reviews of Catalog progress against budget and schedule.
- Begin restoring board to advisory and growth function.
  - Monthly reporting summarizing
    - Financial
    - Project Status
    - Market Development Status
    - Significant Events
    - Upcoming decisions
    - Decisions we made that you need to understand
    - Potential problems and our proposed solutions
- Begin board recruitment.
  - Goal: 6 to 8 outside members.
  - Very modest workload (focused on growth and expansion).
  - Candidates chosen for connections and expertise.
  - Clear definition of benefits for board members.
  - Composition
    - 1 Hollywood Type
    - 1 Television Type
    - 1 "Eco" Type
    - 1 Business Type
    - 1 Politics Type
    - 1 Academic Type
    - 1 Washington Type — ?
    - 1 Technology Type
    - 2 Whole Earth Staff (Business and Editorial)
- Goal of Second 90 days: Stabilization and production of shared growth vision

# Longer Range Ambitions

## Compensation

I would favor of a move that provided a strong benefits package with salary as a percentage of net cash flow for all employees of the WER/WEC organization. This compensation arrangement would ensure that each team member had a real stake in the health of the organization. Distribution accounts (like teachers have) could easily be set up to level individual cash flow.

This policy could also be used to bring new blood from the ranks of the elderly and young....sort of an internship for benefits program.

## Point Washington Policy Group

It should be the organization's objective to start a Washington office following publication of the catalog. A modest two person group could take root with initial funding of about $150K per year. The office could easily become self-financing and a source of revenue within 18 months. It's charter would be to provide a whole systems (relatively apolitical) view on the issues of the day. That is, place issues within a context of their consequences and implications.

Honesty and integrity are valuable and rare commodities within the DC beltway. By focusing on developing this reputation, the group would flourish over time. I'd imagine the DC office as a 'front' with research and development of issues packages happening in Sausalito

## Simple Way To Generate More Revenue From The Catalog

This idea needs some basic reality testing.
A Magazine and Catalog Sample Order Form (a la UTNE's) in the back of the catalog holds promise. My assumption is that WEC offers a certain demographic that will appeal to the catalog and magazine providers. Point keeps the money and the provider fills the order. Cost to Point: development of an additional fulfillment function (this could probably be subcontracted).
Benefits:

- Additional cash flow
- Expanded mailing list (therefore expanded value of the mailing list)

Expanding this notion to books and other products requires investment on someone's part. The only way WE

## Multiple Access Distribution

The goal of all WER/WEC projects should be to expand the three value added renewable resources of the organization:

- Broadening of staff expertise,
- Expansion (breadth and depth) of the stock of reviews and articles, and,
- Expansion of the customer / supplier (writers and reviewers) network.

'Deals" for alternate distribution should be in development in parallel with catalog development. The objective should be reuse and expansion of catalog and magazine material. Some examples:

- Shareware single topic Hypercard Stacks
- On line access at a fee on Compuserve, AOL etc.
- Another CD ROM
- Single Topic Books (like Signal and the Ecolog but designed for distribution)
- An Infomercial
- Single Issue research pieces for grants

Design of the hardware and database for the MWEC is a crucial part of being prepared to handle broader distribution.

## "Total Quality"

Point should be a model for what a workplace ought to be like. In fact, it once was (or pretended to be). A coherent approach to total quality with a major emphasis on customer development and satisfaction will make a big difference.
In a nutshell, the process is about setting standards and measuring performance against those standards. Given current organizational dynamics, I'd expect to be told that it is impossible to measure and improve the 'creative' process. I've heard this argument from many people in many settings from software design to book development. While the process requires a paradigm shift, it is hardly impossible.
A diary of the point journey towards continuous improvement could easily become a management reference book.

## Random Notes on My "Management Style":

- I am neither a saviour nor a replacement for a whimsical charismatic founder.
- I believe that leadership is a code word for chief servant.
    - That means that I expect about 20% of my time will be devoted to productive work in Editorial and Subscription.
- I don't believe that the dichotomy between business and editorial is meaningful.
    - Business Management is One of the most creative endeavors known.
    - Sound creative functions succeed within established limits.
        - "Real" creativity means working within constraints.
    - The two functions are facets of the same thing...the clearer the purpose of the group, the less friction.
- I believe that human problems are more important than financial problems.
- I believe that financial problems are symptoms of human problems.
- In general, people work better when they believe that the organization needs them.
- This is best expressed by pay, benefits, security, real input to job design and a voice in the group's mission.
- I make progress by having clear goals and patiently chipping away at them.
- Sometimes, there are things more important than my goals. I return to my goals when the more important thing is done.
- Some things that are more important than my goals:
    - Organization projects that are in trouble
    - Organization survival problems
    - Resolution of non-productive organizational conflict (some level of conflict is desirable and useful).
- I believe in respect for core values of the organizations.
- I don't believe in scapegoats. If the organization needs a scapegoat for a time, I intend to be it.
- I don't believe in housecleaning or seeing people as deadwood.
    - Usually, these are responses to unresolved organizational problems.
- I have some Quaker background and therefore a great respect for the soft spoken and the minority voice.
- I am also quite capable of cutting through indecision to make an unpopular decision.
- I get very excited by people who take responsibility for their contributions and expand their jobs.
- I do not believe in spending money that you don't have.
- I do not believe in selling assets when belt tightening will work. This just pushes the problem out in time.
- Team based consensus is the only way things work. Team performance is limited by the weakest belief in what's possible.
- Talking negatively about a co-worker is unprofessional and destructive. It deserves immediate public disapproval.
- Non-Profit does not mean disregard for economics. It only means freedom from shareholders.
- The best way to ensure that you are doing the right thing is to hold yourself accountable to customers.
- Every excellent customer has a potent customer advocate in the organization.
- The best "market development" focuses on benefits to customers, not lists.
- In an economic setting, creativity is meaningful when it meets a customer need and a budget.
- I am very intuitive and have disciplined myself to express it in a structured way.
    - This means that I rarely see myself as the possessor of the "only answer".
    - It also means that I expect alternatives to be well reasoned and rational.
    - It also means that I know how to help intuitive ideas take rational form (and like to do it).

Bottom Line:

As a manager, I place people, organizational health and creativity first. I see finances as a measure of the health and adaptiveness of the organization. This hardly means that I am a soft touch on money issues. I desperately want the measures to show robust health. I think that this task is a responsibility of the whole team even when I am the point man.

## Notes about the attached Organizations

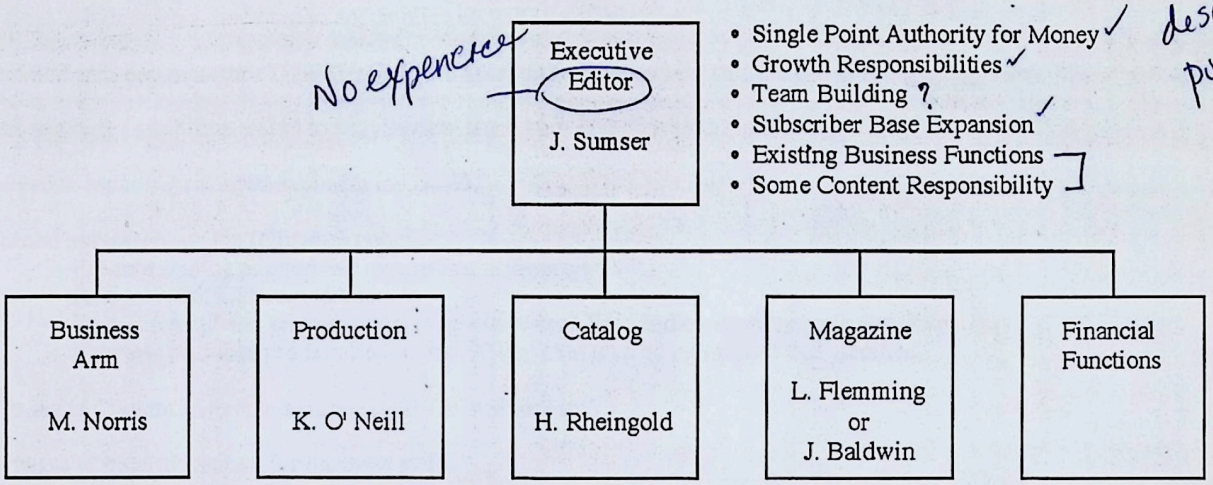
On the following page are two examples of how the organization might be designed. I personally favor the single head model because it contains a "buck stops here point". However, I can work in a variety of settings and would not be opposed to some experimentation. There are other circular (consensus based) models.

## Final Note About Catalog Budget

This week, I convened a group of five consultants. We discussed and reviewed prior catalogs and generated a consensus based page development norm. As a group, they were excited about the project. With a development norm (all new pages) of 10.2 hours per page, we estimated that we could develop the catalog for **$302K** including computer acquisition and budgets for contract writers, reviews and monthly review time in Sausalito.

At the completion of the session, the group asked me to offer this as a formal proposal. I will be happy to do that if you are seriously interested. The group is composed of certified experts (5 to 15 years) in book development, Desk Top Publishing, Database Design, Graphics and Library Management. We gave ourselves large salaries, an $8K per person benefits package, 28 days paid vacation (after the project). After all of that, we put a 25% cushion in the hours and a 5% cushion in overhead. Subcontracting catalog development at a profit is an alternative worth considering...the virtual corporation at work!!.

## Organization Option 1: Heirarchical Model

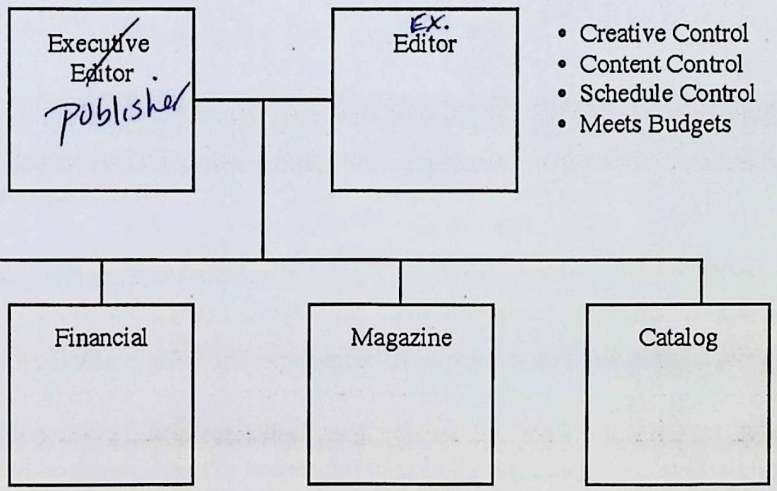



**Benefits:**
- Single Point Of Contact for Board
- Project Accountability
- Conflict Resolution Kept Within

**Disadvantages**
- Seems to Favor Business Over Creative

## Organization Option 2: Yin Yang Model

- Single Point Authority for Money
- Growth Responsibilities
- Team Building
- Subscriber Base Expansion
- Existing Business Functions
- Some Content Responsibility




**Benefits**
- Makes "Business" and Creative Relative Equals
- Provides Project Accountability

**Disadvantages**
- Makes Board Function as Referee Likely

**Notes About Organization**

There are several other alternative Organization Designs. The most important questions in design are:

1. What level of involvement is desired by the board?
2. Who are the core decision makers? (ie Is Production an Editorial Function?)
3. Will the organization continue to spend future revenue?
4. How will deep (irresolvable) conflicts be decided?
5. Who is responsible for transition planning and organizational evolution?
6. How is project responsibility handled?

## My Requirements

- A clear mandate from the board to accomplish certain specified things.
- An 18 Month contract (thru 1-1-95) renewable upon mutual agreement (till the end of the catalog project).
- One additional visit (one week) to fully review plans and offers with the board.
- Agreed to reporting requirements with the board.
- General agreement on the following policies
  - Pro-rata sharing of overhead expenses among projects
  - Radical rethink of current budgets
  - Restored emphasis on cash reserves, positive cash flow and emergency project reserves
  - Business priorities as identified in first 90 day plan (can be rearranged and modified)
- 5 Pages of Content In each magazine issue for business staff.
- 20 pages of catalog content for business staff.

3750×6 = 22500
5000×6 = 30000
52500
+ 5000
3750×6 = 22500
6250×6 = 37500
60,000

**Hardware / Computer Access**

3mon 45,000 = 3750×3 = 11250
2.83mon 60000 5000×3 = 15000
3rd ✓ 7500 6250×6 = 37500
63750

- Corporate WELL account
- Corporate AOL account
- Corporate Compuserve account
- One Fully Loaded MacIntosh Powerbook (for work at home and on the road)
  - 6mb memory
  - 80 mb hard drive
  - fax modem

**Salary**

- Base requirement:
  - On paper description in the $50-60K range (for bank ratios in home purchase).
  - Willing to modify actual cash requirements.
- Equity requirement:
  - Equal to HLR including catalog and magazine salaries.

oh-oh!

- Possible offsets
  - Employment for Colleen (my wife) who is gifted and experienced in graphics, brute force editorial work and network building.
- Moving expenses
  - My single biggest expense will be maintaining two households until Colleen finishes the East Coast liquidation.
- Bottom Line:
  - I'm very fluid but must be close to the office and
  - I expect that my commitment will be matched with an organizational commitment to keep me from bankruptcy
- Out Year Salary
  - To be negotiated based on performance

My favorite Whole Earth recommendation is a book by R.G.H. Siu called The Craft of Power. Like Saul Alinsky, he says that real effectiveness comes from harnessing the power (resources) you already have.

## Initial Plan for Market Development of The Whole Earth Review

My first priority would be to focus on subscription list development. I'd:

1. Reread Saul Alinsky because this is a community organization problem.

2. Ask for and get a realistic set of perspectives on the internal politics of the WER staff.

3. Quantitatively review the relationship between topics, subscription levels and the economy.

4.. Focus on building the base one subscriber at a time with a modest goal of five new subscribers a day.
   a. Start with Who's Who on the east and west coasts and scan for market directors, junior marketing persons, business development people and in general people who NEED new ideas. Use the current Federal Staff directory, corporate directories, special interest lists.
   b. In keeping with the tenor of the community, I'd write and talk to each one personally. The benefits of a subscription to WER are personal, not demographic.

5. Identify the areas of the economy that have the greatest economic need for an infusion of new ideas:
   I'd focus on finding individuals inside those communities who were open to an influx of new ideas.
   a. Detroit
   b. Defense
   c. Washington
   d. Agriculture

6. Get in touch with 300 - 400 professional association directors plugging for a mention in newsletter.

7. Pan the SBA and it's various centers for subscriber gold.

8. Lobby for a (nother?) Creativity issue with tools and theories that emphasized the importance of a flow of opposed images and notions. Look to build a reputation among creativity and Organizational development practitioners as a tool for "paradigm busting" or whatever they call it today.

9. Talk to past WER Marketing types about what worked, didn't and why. Same with the rest of WER and POINT.

10. Probably blow my phone and fax budgets by a mile...community is built with person to person communication.

11. Attend and display at some conferences you'd currently find unimaginable.

12. Champion the notion that "everyone's in marketing and customer service" even though the staff already seems to do this.

With a fifty hour week and a week a month on the road minimum, I believe that I could increase subscription readership 7% in the first 15 months. If my fundamental work is well done, word of mouth momentum could raise that figure to 10% in the second year. In addition, a hand developed database like this could really sharpen the development efforts of POINT as a whole.

For general PR and Image development, I'd try to harness the resources of the WELL and WER to make WER more visible. My ideas are less explicit than the subscription development approach but may include:

1. Developing a free-lancers bureau that offers WER press credentials (read free admission) to a subset of the community who agree to:
   a: Report on the conference, event, or whatever in an Events Review topic on the Well,
   b. Ask one or two pre-planned (w/the editor?) questions at the event press conference
   c. Wear a WER Reporter Uniform (T-shirt and hat?) to the conference, event floor.

2. Establish a quick react team that can represent WER at 5 to 10 major news events per year. The idea would be media presence and networking with the media people at the news rather than reporting although, the same requirements for #1 would be made for the on-site rep.

The goals of an image and market development PR campaign would have to be the support and complement of the individual campaign. Solid media image can reduce subscriber defection and double the individual recruiting rates. This means a net of 1% average monthly growth in the first fifteen and nearly 2% in the following year.

# a Quickfax

To: Mr John Skov, - Whole Earth

From: email: jrsumser@well.sf.ca.us, John Sumser

Date: Fri, Jun 25, 1993 • 3:13 PM

Transmitting (1) pages, including cover sheet.

If there is difficulty with this transmission, please call: 1-410-876-9416

Note:
John:
I'm unclear about which ntes reached you. I am releasing the plan, minus salary and sucontract proposal to Marly.
John Sumser